

FISCAL IMPACT STATEMENT ON BILL NO. **S.217, As Amended**

(Doc. No. Unknown)

TO: The Honorable John E. Courson, Chairman, Senate Education Committee
FROM: Office of State Budget, Budget and Control Board
ANALYSTS: Harry Bell
DATE: February 20, 2007 SBD: 2007154

AUTHOR: Senate Education Committee PRIMARY CODE CITE: 59-16-10
SUBJECT: Virtual School Program

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

Senate Bill 217, as amended by Committee, would authorize the State Department of Education to establish a Virtual School Program. The program would offer access to credit recovery programs for students who have not received credit for a course previously taken or for students who are not likely to receive credit for courses they are currently taking. The Virtual School Program may not award a High School Diploma.

EXPLANATION OF IMPACT:

The estimates provided were developed, in part, using a report by the Southern Regional Education Board (SREB) entitled "Cost Guidelines for State Virtual Schools". Estimates are for the first year of implementation and assume an enrollment of 3,000 students during the first year of the program. Actual costs will likely vary in the second and subsequent years depending on the actual number of participating students.

The State Department of Education estimates a need for twenty-eight staff to include twenty teachers, three administrative staff, and five staff dedicated to academic support, student services and technical support. Total salary and fringe benefits for these staff is estimated to be \$1,647,920. Other operating costs for office space are estimated to be \$120,000. Academic development costs are estimated to be \$836,000 which includes curriculum development, content alignment, course review, and installation of course material. Information technology costs including equipment, software, networking and licensing are an estimated \$820,090. SDE anticipates implementing an outreach and an evaluation component estimated to be \$50,000 and \$150,000 respectively.

Total first year costs are an estimated \$3,624,010. The impact on the General Fund is at the General Assembly's discretion. This initiative could be funded with State General Funds and/or Education Improvement Act funds. The SREB report estimated cost for such a program is \$1.5 million for 1,000 students; \$4.0 million for 5,000 students; and \$6.0 million for 10,000 students.

SPECIAL NOTES:

The impact on the state could be offset to the extent EFA and other school district funds were redirected to the program from based on the student enrollment. However, there is currently no language in the Bill requiring or allowing existing appropriations to be used to cover costs of the program.

Approved by:



Don Addy
Assistant Director, Office of State Budget